

**STATE OF MICHIGAN
CHIEF FINANCIAL OFFICERS' COUNCIL
Summary of July 17, 2008 Meeting**

The third meeting of the Chief Financial Officers' (CFO) Council for calendar year 2008 was held at 10:00 a.m., Thursday, July 17, 2008, in the Michigan Room, Romney Building.

CFO Council members in attendance:

David Bruce – Agriculture	Palmer Giron – Information Technology
James Selleck – Attorney General	E. Ronald Stadnika – Judiciary
Carol Vargovich – Civil Service	Margery Reh – Lottery
James Kasprzak – Environ. Quality	Minesh Mody – MI Economic Dev. Corp.
Janet Laverty – History, Arts & Libraries	Joel Wortley – Military and Veterans Affairs
John Sorbet – Human Services	Ed Timpf – Transportation

Other attendees:

Raj Mehta – Civil Rights	Ruth Duquette – OFM
Mike Draschil – Corrections	Marge Fuller – OFM
Craig Thurman – Education	Laura Mester – OFM
Nadine Brown-Uddin – Labor & Economic Growth	Michael Moody – OFM
Sylvia Hatcher – Legislative Retirement	Doug Ringler – Office of State Budget
Dave Quigley – Management & Budget	Gena Hyde – State
Amy Henderson – Natural Resources	Suzie Nichols – Treasury

Mike Moody, Director of the Office of Financial Management (OFM) and Chair of the Council, welcomed the group. Rodney Stokes is the new CFO for Natural Resources, replacing Dennis Fedewa and Susan Kangas will replace Nick Lyon at Community Health. Although a replacement has not been named for Joe Pavona, Gena Hyde will attend future meetings representing Department of State. Dave Quigley has been hired to fill our Accounting Services Director position effective July 28, but he is already working on the accounting consolidation efforts. Dave said he is looking forward to the challenge. There were no additions to the agenda.

Federal Financial Accountability and Transparency Act

Mike briefed the group on FFATA. Congress has passed a law that requires the Federal government to provide a searchable database with information on federal awards and contracts and how the State spends their allotted Federal funds.

Effective January 1, 2009, States are to begin sending information to the federal government for incorporation into the database. We are reviewing the proposed regulations and the use of the DUNS number is a concern. We are working with NASACT on consolidating comments received from the States. We do not have a way to centrally retrieve the information they are requiring us to report and have expressed our concern over the cost of finding a way to capture this information by January. We plan to work very closely with the agencies on their internal grant reporting systems and will be forming a workgroup to assess how we can gather this information. John Sorbet volunteered to begin working with Mike in this effort. A representative from DCH would be beneficial. More volunteers will be recruited once John and Mike meet.

Statewide Single Audit

Ed Timpf is chairing a workgroup made up of nine agencies. Forty-seven states are doing a statewide single audit. They will be putting together a document that illustrates the pros and cons of doing it. They will look at the audit risks and costs involved and will be surveying some of the other states. They will be looking for input on the survey questions. The workgroup is meeting biweekly and the minutes of these meetings will be shared with this group. They hope to have their recommendations by mid-November.

Update from the Office of Internal Audit Services

Doug Ringler stated the proposed Service Level Agreements are being finalized and will be sent to the Department Directors and Department Contacts. (Subsequent to the meeting, Doug decided to send the documents only to the Department Contacts). They are working toward a common template that has minor revisions to address funding or computer-related issues. The OAG sent a letter to each agency regarding changes to the risk assessment standards that impact financial audits and the impact it is likely to have on the single audits. Doug encouraged the group to distribute this memo to relevant staff within the agency to foster their understanding of these changes. The internal auditors' risk assessment process is underway and will be used to develop the audit plan.

BRIEFINGS AND REPORTS TO CFOs

OFM Accounting and Financial Reporting Division Update

Laura Mester, AFR Director, reported that the restricted revenue carry forward requests are due August 1. These requests are based on the fact that agencies need enabling legislation to allow the carry forward. Boilerplate doesn't necessarily mean your carry forwards are permitted. The year end letters are being prepared. There are three new GASB standards that affect us: OPEB will be implemented this year;

Pollution Remediation will be implemented in 2009; and Intangible Assets will be implemented in 2010 and AFR will begin gathering information after this year's close. Tim Becker is coordinating the object code standardization project which has taken a three-prong approach: non payroll expenditures; payroll and travel; and revenue. This project involves the elimination of some objects codes that are not being used. Staff is working on the SWCAP contract renewal with Maximus, which expires October 31, 2008. The Multiple EFT project should be ready to test mid-October. We are considering a vendor file purge project which would identify our applications and address the storage problem. DIT is putting together a cost analysis.

OFM Payroll and Tax Reporting Division Update

Ruth Duquette updated the group on the Time and Expense Project which is going very well. She thanked the agencies for lending their staff to assist on this project. Phase I, the PowerBuilder upgrade, is complete, although it was not rolled out to all agencies due to a bug found in the new version. DIT will resume the roll-out the end of next week. The target date for rolling out Phase II, Expense Light, is February 2009. You can access the OFM web site under Special Projects for updates on this project. Staff has begun work on split pay and fiscal year end processing which have very minor changes. FMGs will be issued as the time approaches. When meal receipts are required under collective bargaining agreements or Civil Service Rules, they should be retained in a manner consistent with other supporting documentation associated with travel reimbursements. We are working with Vehicle and Travel Services on pre-tax transit passes which would be similar to what is done with parking. Ruth has been named to the IRS ACT Committee.

OFM Support Services Division Update

Marge Fuller, Manager of Training and Communications Section of Support Services, informed the council of the tutorials for the new version of DCDS available on the OFM web site. The EFT payment reports were run and agencies should see them by the end of July. The phone prompts on the Help Desk will be changed so that calls regarding Medicaid, Adoption Subsidy and Day Care are redirected back to the agencies. Cindy Liu and Marjory Smith, the MAIN FACS security staff, are now part of the Help Desk.

CFO Member Roundtable Discussion

Mike added that the Accountability Portal went live a month ago. It can be found by going to the State of Michigan Home Page (Michigan.gov), clicking on MI Government, then State Spending and Accountability under Featured Links. The expenditure information will be updated monthly.

Craig Thurman said the Department of Education is working on a one day a week telecommuting program for employees who live 30 miles from their office. They received a question on whether reimbursement for cell phones is feasible. Ruth stated that it has to be substantiated that the phone is strictly used for business. Employees would have to maintain a log of minutes used and prorate the total bill, which would have to be documented and supported. If it is not substantiated, it becomes tax reportable. DMVA was instructed they were not to incur additional expenses when allowing an employee to work from home. Caution is to be used if you put state property in an employee's home. It was suggested that the Office of the State Employer be contacted for answers to these questions.

The meeting adjourned at 10:45 a.m.

Next meeting: Thursday, October 16, 2008 – 10:00 a.m.
The Michigan Room, 1st Floor, Romney Building

Summary prepared by:

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